THE DATA-CONFIDENT MARKETER

MightyHive research sheds light on how brands plan to succeed with first-party data
THE DATA-CONFIDENT MARKETER
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>WHAT’S THE UPSIDE OF FIRST-PARTY DATA?</td>
<td>7</td>
</tr>
<tr>
<td>UNEVEN PROGRESS AND MIXED OPTIMISM</td>
<td>9</td>
</tr>
<tr>
<td>TOMORROW’S BATTLEGROUNDS</td>
<td>13</td>
</tr>
<tr>
<td>WHAT MAKES DATA-CONFIDENT BRANDS TICK?</td>
<td>16</td>
</tr>
<tr>
<td>MORE THAN ENOUGH WORK TO GO AROUND</td>
<td>24</td>
</tr>
<tr>
<td>RECOMMENDATIONS FOR BRANDS AND MARKETERS</td>
<td>29</td>
</tr>
</tbody>
</table>
LEADING MARKETERS ARE USING FIRST-PARTY DATA TO PULL AHEAD OF THE PACK.

LEARN HOW THEY’RE APPROACHING DATA DIFFERENTLY.

MightyHive partnered with Advertiser Perceptions to survey 200 marketing decision-makers about their views on first-party data: how they’re using it, where it lives in their organization, and how soon they expect first-party data to start producing results.
WHAT MAKES A DATA-CONFIDENT MARKETER?

In an era when consumers have more power than ever to research purchases and express their feelings about brands, and when brands have more options than ever for engaging consumers, marketers remain frustrated by gaps in their understanding of their customers.

Despite these challenges, leading marketers are unlocking first-party data to close these gaps. The success of these data-confident marketers is attributed to becoming more customer-centric: they’re able to apply first-party data in ways that help them understand who their customers are, what motivates them, and how digital advertising plays a role in their purchase decisions.

“You are f****d without first-party data. Getting it is hard enough, but what do you do with it once you get it?”

Jamie Gutfreund, Wunderman global CMO, Wunderman Ad Age
WHO WE HEARD FROM

Our aim was to gather informed insights from senior digital marketers. In order to be considered for the survey, participants had to:

- **BE ON THE BRAND (NOT AGENCY) SIDE**
- **BE DIRECTOR-LEVEL OR ABOVE**
- **BE INVOLVED IN PROGRAMMATIC ADVERTISING AND FIRST-PARTY DATA**
- **HAVE AN ANNUAL BUDGET OF AT LEAST $5MM**

We collected survey responses from 200 marketers and conducted in-depth interviews with five executives across industries.
WHO WE HEARD FROM (CONT'D)

DIGITAL AD SPEND OVER THE PAST 12 MONTHS

$5MM TO LESS THAN $30MM 65%

$30MM + 35%

JOB TITLE

C-LEVEL 29.5%

DIRECTOR 38.5%

VP, SVP, EVP 32%
THE EXECUTIVE INTERVIEWS

In addition to the survey, we conducted in-depth interviews with digital marketing executives across five industries. We’ve included key excerpts and learnings from these interviews throughout this report.

“We all of a sudden have access to something that we never had access to, so there’s a lot of zeal but not a lot of knowledge.”

VP Media, Financial
FIRST-, SECOND-, AND THIRD-PARTY DATA EXPLAINED

FIRST-PARTY DATA

First-party data is typically defined as the data that is proprietary to a brand, even if some of a brand’s first-party data is stored in external (off-premises) systems and databases (e.g., cloud-based CRM).

Examples: CRM records, site analytics, media cost & flight, point of sale.

SECOND-PARTY DATA

Put simply, second-party data is someone else’s first-party data. For example, a brand might work directly with a publisher to leverage that publisher’s audience data for targeting (in this case, the publisher is the “second party”).

Examples: Publisher audience data, search data, email list rentals, purchase data.

THIRD-PARTY DATA

Brands access third-party data via intermediaries (i.e., “third parties”) that aggregate, package, and resell data collected from publishers, brands, and tech platforms.

Examples: Purchase intender or demographic segments, identity graphs, performance benchmarks.
WHAT’S THE UPSIDE OF FIRST-PARTY DATA?
WHAT’S THE UPSIDE OF FIRST-PARTY DATA?

When we asked marketers what their primary reasons were for using first-party data, the top four responses were:

1. **IMPROVED PERFORMANCE/ROI**
2. **ACCURACY/DATA QUALITY**
3. **LENDS TO MORE PRECISE TARGETING**
4. **IMPROVED MEASUREMENT AND ATTRIBUTION**

Question: What are your company’s primary reasons for using first-party data? ( Ranked among top 3 reasons)

If marketers are correct in this self-assessment, then the leaders who unlock their first-party data sooner are going to pour fuel into a positive feedback loop, where better-quality first-party data leads to more precise targeting, which leads to stronger and more accurately-measured performance, which will then generate more high-quality first-party data, and so forth.

It’s easy to see how such feedback loops could allow the data-confident marketers who are able to crack this code to break away from their competitors with surprising speed.

“We’re finding that the results we’re seeing by leveraging some of our internal first-party data does outperform the demo-based or even some of our potential partners...We’re seeing better results from our own internal data than leveraging some of the other [data] that we can tie into.”

**Director Media Strategy, CPG**
UNEVEN PROGRESS AND MIXED OPTIMISM
UNEVEN PROGRESS AND MIXED OPTIMISM

Data-confident marketers clearly feel they are on the cusp of first-party data making a substantial impact on their marketing. However, this optimism isn’t universal, with many marketers assuming that first-party data will take longer to crack or will yield less-impressive dividends.

“We do have a data strategy. But when I compare my data strategy and infrastructure to where we are now, we are still somewhat in a start-up mode.”

Sr. Marketing Director Travel

WHAT PERCENT OF YOUR COMPANY’S FIRST-PARTY DATA POTENTIAL DO YOU THINK YOU’RE TAPPING INTO?

Across the board, this seems to be a work in progress for marketers, with survey responses spread across a bell curve that’s still tilted closer to the starting point of brands’ data initiatives than to their completion. In fact, fewer than 1 in 20 marketers believe they’ve tapped more than 80% of first-party data’s potential.
Very few of those surveyed admitted to being any less than “Somewhat confident” in first-party data delivering a strong ROI, giving an indication that marketers fall into two general classes: the data-confident, and “everyone else.”
The effect that this divergence will have on the competitive landscape becomes more apparent when you consider that a wave of data-confident marketers may be about to crest, with 67% of respondents expecting to realize their first-party data goals in an impressive 18 months or less.
TOMORROW’S
BATTLEGROUNDS
The importance placed upon first-party data is nothing new. However, the precise types of data that marketers hope to use for competitive advantage are in a near-constant state of flux. Our survey results gave some insight into where the key battlegrounds may lie in 2019 and beyond.

Mobile app analytics, social media platform data, online sales data, and site analytics are clearly set to be a few of 2019’s competitive hot spots.

**EXPECTED CHANGE IN USE OF FIRST-PARTY DATA, NEXT 12 MONTHS**

- **Mobile App Analytics**: 64% increase, 33% stay the same, 3% decrease
- **Social Media Platform Data**: 55% increase, 41% stay the same, 5% decrease
- **Online Sales Data**: 52% increase, 46% stay the same, 2% decrease
- **Site Analytics**: 50% increase, 47% stay the same, 3% decrease
- **CRM**: 46% increase, 52% stay the same, 2% decrease
- **Email and Marketing Automation Data**: 46% increase, 51% stay the same, 3% decrease
- **Point of Sale / Offline Sales Data**: 46% increase, 49% stay the same, 5% decrease
- **Organic Search Data**: 41% increase, 51% stay the same, 8% decrease
- **Customer / Site Visitor Survey Data**: 40% increase, 58% stay the same, 2% decrease
- **User Registration Data**: 39% increase, 56% stay the same, 5% decrease
- **In-Store Beacons / In-Store Visit Data**: 38% increase, 51% stay the same, 10% decrease
- **Call Center Data**: 38% increase, 58% stay the same, 4% decrease
- **Customer Feedback Forms**: 36% increase, 59% stay the same, 5% decrease
- **Coupon Redemptions**: 35% increase, 57% stay the same, 8% decrease
- **Ad Serving Data**: 35% increase, 61% stay the same, 5% decrease
And marketers don’t expect their competitors to rest on their laurels, with respondents indicating that they expect competitors to respond in kind.

**DO YOU EXPECT YOUR COMPETITORS’ USE OF THESE TYPES OF FIRST-PARTY DATA TO INCREASE OVER THE NEXT 12 MONTHS?**

<table>
<thead>
<tr>
<th>Data Type</th>
<th>Increase (%)</th>
<th>Stay the Same (%)</th>
<th>Decrease (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile App Analytics</td>
<td>59</td>
<td>45</td>
<td>4</td>
</tr>
<tr>
<td>Social Media Platform Data</td>
<td>46</td>
<td>45</td>
<td>5</td>
</tr>
<tr>
<td>Online Sales Data</td>
<td>49</td>
<td>44</td>
<td>2</td>
</tr>
<tr>
<td>Site Analytics</td>
<td>52</td>
<td>40</td>
<td>4</td>
</tr>
<tr>
<td>CRM</td>
<td>40</td>
<td>48</td>
<td>6</td>
</tr>
<tr>
<td>Email and Marketing Automation Data</td>
<td>44</td>
<td>44</td>
<td>7</td>
</tr>
<tr>
<td>Point of Sale / Offline Sales Data</td>
<td>38</td>
<td>50</td>
<td>7</td>
</tr>
<tr>
<td>Organic Search Data</td>
<td>51</td>
<td>41</td>
<td>7</td>
</tr>
<tr>
<td>Customer / Site Visitor Survey Data</td>
<td>35</td>
<td>52</td>
<td>7</td>
</tr>
<tr>
<td>User Registration Data</td>
<td>36</td>
<td>51</td>
<td>4</td>
</tr>
<tr>
<td>In-Store Beacons / In-Store Visit</td>
<td>46</td>
<td>41</td>
<td>9</td>
</tr>
<tr>
<td>Call Center Data</td>
<td>34</td>
<td>47</td>
<td>9</td>
</tr>
<tr>
<td>Customer Feedback Forms</td>
<td>33</td>
<td>60</td>
<td>3</td>
</tr>
<tr>
<td>Coupon Redemptions</td>
<td>44</td>
<td>43</td>
<td>4</td>
</tr>
<tr>
<td>Ad Serving Data</td>
<td>37</td>
<td>54</td>
<td>6</td>
</tr>
</tbody>
</table>
WHAT MAKES DATA-CONFIDENT BRANDS TICK?
“We’re finding that the results we’re seeing by leveraging our first-party data does outperform... in driving volume, driving return on investment, driving sales.”

SVP Growth, Retail

Our survey found some marketers expressing a higher level of confidence in the potential ROI of first-party data, or sharing more optimistic expectations as to when first-party data goals would be realized. Examining the survey data, we were able to identify four “lessons” to make sense of this divergence:

1. BIG SPENDERS DON’T CLAIM A DECISIVE ADVANTAGE
2. DATA-CONFIDENT MARKETERS BRING IN PARTNERS
3. DATA-CONFIDENT MARKETERS SEE OPPORTUNITY IN CERTAIN CHANNELS
4. TECHNOLOGY DRIVES ACCELERATION
BIG SPENDERS DON’T CLAIM A DECISIVE ADVANTAGE

When segmented according to ad spend, marketers responded with mixed signals. There was greater confidence in ROI among the bigger spenders (budgets $30MM+), but smaller spenders expect to achieve their goals sooner.

**BIGGER SPENDERS EXPRESSED GREATER CONFIDENCE IN POTENTIAL ROI**

- **SPEND $30MM OR MORE**
  - 61% “VERY CONFIDENT” IN ROI
- **SPEND LESS THAN $30MM**
  - 30% “VERY CONFIDENT” IN ROI

Question: How confident are you in your first-party data delivering a strong return on investment?

**BUT SMALLER SPENDERS SEEM TO BE MOVING FASTER**

- **TIME TO REALIZE FIRST-PARTY DATA GOALS**
  - 18+ MONTHS
  - 28 responses
  - 18 MONTHS OR LESS
  - 63 responses

- **DIGITAL AD SPEND**
  - $5MM TO LESS THAN $30MM
  - 27 responses
  - $30MM+
  - 17 responses

Question: When do you anticipate your first-party data goals will be realized?
Marketers who responded that they are “very confident” in first-party data delivering strong ROI are far more likely to work with partners. The gap is stark, and it indicates that partners are playing a role in data activation (whether in a campaign execution capacity, as in the case of an agency, or in an advisory capacity, as in the case of a consultancy), giving marketers more confidence that data assets will generate returns.

**WHICH OF THESE THIRD PARTIES HAVE YOU ENGAGED TO HELP YOU UNLOCK YOUR FIRST-PARTY DATA?**

- AGENCIES: 70% (very confident), 48% (some confidence)
- MANAGEMENT CONSULTANT (MCKINSEY, BAIN, BCG, ETC.): 80% (very confident), 35% (some confidence)
- SYSTEMS INTEGRATION CONSULTANT (ACCENTURE, DELLOITTE, ETC.): 80% (very confident), 48% (some confidence)
- AD TECH VENDORS: 65% (very confident), 43% (some confidence)

Marketers who are “very confident” that first-party data will deliver strong ROI:

Marketers who are only “somewhat confident” that first-party data will deliver strong ROI:

“We had a large consultancy helping us...the larger decisions were made by them so that [direction] was coming from the top. It’s harder when something comes from the bottom up and you have to sell it to all of those stakeholders.”

**VP Global Media, Beauty**
DATA-CONFIDENT MARKETERS SEE OPPORTUNITY IN CERTAIN CHANNELS

We asked marketers how important they considered various first-party data types to be, on a four-point scale from “Very Important” to “Do Not Use.”

When looking at the data types selected as “Very Important,” it’s clear that higher confidence in first-party data ROI correlates with notably greater excitement around five data types in particular: mobile app analytics, ad serving data, in-store visits, organic search, and call center.

Mobile app analytics was also the top pick for increased investment over the next 12 months (see “Tomorrow’s Battlegrounds” on page 22). Not all marketers have a mobile app channel from which to draw insights, but those that do should assume that competitors are expecting mobile app analytics to be a key first-party data asset and ROI driver in 2019.

HOW IMPORTANT ARE EACH OF THESE TYPES OF FIRST-PARTY DATA TO YOUR MARKETING AND ADVERTISING DECISIONS?

- **Ad Serving Data**: 74% “Very Important”
  - 36% “Somewhat Important”
- **Mobile App Analytics**: 82% “Very Important”
  - 50% “Somewhat Important”
- **In-Store Beacons / In-Store Visit**: 64% “Very Important”
  - 39% “Somewhat Important”
- **Organic Search Data**: 60% “Very Important”
  - 35% “Somewhat Important”
- **Call Center Data**: 53% “Very Important”
  - 33% “Somewhat Important”

MARKETERS WHO ARE “VERY CONFIDENT” THAT FIRST-PARTY DATA WILL DELIVER STRONG ROI

MARKETERS WHO ARE ONLY “SOMewhat CONFIDENT” THAT FIRST-PARTY DATA WILL DELIVER STRONG ROI

DATA SHOWN FOR RESPONDENTS WHO SELECTED “VERY IMPORTANT”.

---

THE DATA-CONFIDENT MARKETER
DTC TEASES OPPORTUNITY AND BREEDS ANXIETY

First-party data collection and activation can be challenging for marketers in data-scarce verticals such as Consumer Packaged Goods (CPG), where advertisers’ distribution partners tend to own the relationship with the end customer.

Our marketer interviews uncovered a perhaps not surprising level of anxiety, anticipation, and envy around the potential of direct-to-consumer (DTC) channels to augment and amplify first-party data driven marketing.

“...We rely heavily on other people’s data. We don’t have a CRM database for most of our businesses. So again, the only ones that we do are our DTC brands, which we’re working on building even further as we just launched director-to-consumer channel a month ago.”

VP Global Media, Beauty

“I wanted to keep DTC and brands separate, because it’s just a different beast, and we wanted to have some rigor around that.”

VP Media, Financial

“The one thing I would say that I know that we are challenged in is having a greater understanding in the CPG space...We would love to be able to identify those users of the CPG space or purchasers from the CPG space, and how can we contact them more directly.”

Director of Media Strategy, CPG
An array of technologies exist to help marketers manage their first-party data. Among faster-moving marketers who expect to realize first-party data goals within the next 18 months, technology adoption seems more widespread.

**MARKETERS WHO EXPECT TO REALIZE THEIR FIRST-PARTY DATA GOALS SOONER USE MORE TECHNOLOGIES ON AVERAGE.**

Question: “Where does your company store first-party data?” (multiple choices possible)
MARKETERS WHO EXPECT TO REALIZE THEIR FIRST-PARTY DATA GOALS SOONER WERE MORE LIKELY TO USE EVERY TECHNOLOGY WE ASKED ABOUT.

**DATA MANAGEMENT PLATFORM (DMP)**
- Marketers who expect to realize their first-party data goals in 18 months or less: 62.2%
- Marketers who expect to realize their first-party data goals in more than 18 months: 40.0%

**CLOUD INFRASTRUCTURE**
- Marketers who expect to realize their first-party data goals in 18 months or less: 56.7%
- Marketers who expect to realize their first-party data goals in more than 18 months: 46.7%

**ON-PREMISE DATA WAREHOUSE / DATA LAKE**
- Marketers who expect to realize their first-party data goals in 18 months or less: 47.8%
- Marketers who expect to realize their first-party data goals in more than 18 months: 24.5%

**CUSTOMER RELATIONSHIP MANAGEMENT (CRM)**
- Marketers who expect to realize their first-party data goals in 18 months or less: 46.7%
- Marketers who expect to realize their first-party data goals in more than 18 months: 42.2%

**CUSTOMER DATA PLATFORM (CDP)**
- Marketers who expect to realize their first-party data goals in 18 months or less: 45.6%
- Marketers who expect to realize their first-party data goals in more than 18 months: 20.0%

**E-COMMERCE PLATFORM**
- Marketers who expect to realize their first-party data goals in 18 months or less: 43.3%
- Marketers who expect to realize their first-party data goals in more than 18 months: 28.9%

**ERP SOFTWARE**
- Marketers who expect to realize their first-party data goals in 18 months or less: 42.2%
- Marketers who expect to realize their first-party data goals in more than 18 months: 22.2%

Question: “Where does your company store first-party data?” (multiple choices possible)
MORE THAN ENOUGH
WORK TO
GO AROUND
MORE THAN ENOUGH WORK TO GO AROUND

“...I’d like to believe that first-party data can be a competitive advantage for us. The better we know our customers, the better we can reach out to people like them, and so ... for me it’s self-evident that there’s benefits there.”

SVP Growth, Retail

Despite a cohort of data-confident marketers having a favorable view of their own progress towards unlocking first-party data, the race is far from over.

POTENTIAL REMAINS MOSTLY UNTAPPED

When we asked marketers what percent of their company’s first-party data potential they think they’re tapping into, responses averaged 47%—still shy of halfway toward a finish line that will almost certainly get pushed further out.
FIRST-PARTY DATA IS MESSY, EVEN FOR THE BEST MARKETERS

We asked marketers to rank their top five challenges when it comes to first-party data. The results should be familiar to marketers, brands, and partners alike. Whether it’s ensuring accuracy, hiring people to execute on data strategies, or simply collecting the data in the first place, marketers clearly don’t lack for challenges.

Question: “What are the biggest challenges of using first-party data?” (rank each 1-5, weighted rank among top 3 shown)
Lastly, it’s clear that enterprises (and likely their partners in many cases) have some work to do in ensuring marketers have access to the data they need. Restricting marketers’ access to CRM or e-commerce platform data makes sense, as those platforms may contain sensitive or non-marketing data.

For the remainder of platform types, however, lack of access represents a red flag and a clear impediment to marketing activation of first-party data, especially with regards to ad servers, attribution platforms, customer data platforms, and site analytics.

**DO YOU HAVE UNRESTRICTED ACCESS TO AND OWNERSHIP OF YOUR COMPANY’S FIRST-PARTY DATA IN THE FOLLOWING PLACES? (ANSWERED ‘NO’)**
RECOMMENDATIONS
FOR BRANDS
AND MARKETERS
RECOMMENDATIONS
FOR BRANDS AND MARKETERS

It would be unrealistic to translate the results of this survey into a one-size-fits-all first-party data game plan (only to have it fall apart on first contact with the real-world challenges that marketers face). However, our survey uncovered several clear themes:

1. **MARKETERS WOULD BE REMISS TO REST ON THEIR LAURELS.**

   Challenges abound, and even the data-confident marketers uncovered by our survey data have an uphill battle.

2. **IF YOUR TIME HORIZON GOES BEYOND 18 MONTHS, YOU COULD BE IN TROUBLE.**

   The majority of respondents (67%) anticipate realizing their first-party data goals in 18 months or less. Granted, first-party data initiatives are often complex and might take longer than planned, but simpler first-party data goals achieved sooner afford the opportunity to begin tackling the next set of challenges in an ever-changing landscape.
DATA-CONFIDENT MARKETERS USE TECHNOLOGY AND PARTNERS.

Our survey found data-confident marketers more likely to employ technology and work with partners. Not all technologies and partners are created equal, but brands with longer time horizons or lack of confidence in the ROI would be advised to re-examine the ways that technology or partners could inject first-party data initiatives with greater optimism and agility.

START INVESTING IN TOMORROW’S DATA GOLD MINES TODAY.

This report offers a sneak peek into the channels and data types that marketers are likely to prioritize in 2019. It’s beyond the scope of this report to investigate why, but mobile app analytics are a clear future priority. Mobile apps in particular may be moot or irrelevant for many marketers, but Wayne Gretsky’s hockey aphorism “I skate to where the puck is going” applies no matter what channels and data sources a marketer has access to.

As consumer habits, the competitive landscape, and marketing technology continue to change, mastering the first-party data of today may not be sufficient to stay competitive.
MightyHive is a new breed of media consultancy that partners with global brands and agencies seeking transformative marketing results in a time of massive disruption and opportunity. Recognized as a global leader in advanced marketing and advertising technologies, MightyHive provides consulting and services in the areas of media operations and training, data strategy and analytics. The company is headquartered in San Francisco, with offices in New York, London, Toronto, Singapore, Stockholm and Sydney. In 2018, MightyHive merged with S4 Capital plc (SFOR.L), a new age/new era digital advertising and marketing services company established by Sir Martin Sorrell in 2018.
ABOUT

Advertiser Perceptions is the global leader in research-based business intelligence for the advertising industry. Their exclusive insights, practical advice and knowledgeable guidance produce actionable solutions that deliver results and enable their clients to thrive in today’s complex and competitive advertising market.